

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

Paragon Mortgage Partners, Inc.,

Petitioner

v

Department of Insurance and Financial Services,

Respondent

Docket No. 20-002488

Case No. 20-1050-ML

For the Petitioner:

Eric A. Parzianello
Hubbard Snitchler & Parzianello, PLC
801 West Ann Arbor Trail
Suite 240
Plymouth, MI 48170

For the Respondent:

Diego R. Avila
Department of Insurance and Financial Services
530 W. Allegan Street, 6th Floor
P.O. Box 30330
Lansing, MI 48933

**Issued and entered
this 15th day of October 2021
by Randall S. Gregg
Senior Deputy Director**

FINAL DECISION

I. Introduction

This contested case concerns the denial of a mortgage broker license to the Petitioner.

On March 18, 2021, Administrative Law Judge Thomas A. Halick issued an Amended Proposal for Decision in the above-captioned matter.¹ Judge Halick recommended that the Director issue a final decision consistent with the Findings of Facts and Conclusions of Law as outlined in the Amended Proposal for Decision. The factual findings in the Amended Proposal for Decision are in accordance with the preponderance of the evidence and the conclusions of law are supported by reasoned opinion. In

1. An earlier Proposal for Decision had been issued with an incorrect issue date. The Amended Proposal for Decision corrects the date of issue. The Amended Proposal for Decision is the same as the Proposal for Decision in all other respects.

addition, neither party filed exceptions to the Amended Proposal for Decision. Michigan courts have long recognized that the failure to file exceptions constitutes a waiver of any objections not raised. *Attorney General v. Public Service Comm'n*, 136 Mich App. 52 (1984); see also MCL 24.281. For these reasons, the Amended Proposal for Decision is adopted in full and are restated herein as follows:

II. Applicable Law

Section 3 of the Mortgage Brokers, Lenders, and Servicers Licensing Act, MCL 500.445.1653, provides:

(1) An application for, or renewal of, a license shall be made in writing to the commissioner on a form prescribed by the commissioner. If the commissioner determines after investigation that the experience, character, business reputation, and general fitness of the applicant and its officers, directors, shareholders, partners, and affiliates command the confidence of the public and warrant the belief that the applicant and its officers, directors, shareholders, partners, and affiliates will comply with the law and that grounds for revoking, suspending, or denying a license under this act do not exist, the commissioner shall issue a license to, or renew the license of, the applicant to act as a mortgage broker, mortgage lender, or mortgage servicer.

(2) A license issued under this section does not approve the use of or indemnify the licensee against claims for the improper use of the business name stated in the license.

III. Findings of Fact

1. On March 8, 2018, Petitioner submitted an application to become licensed as a mortgage broker under the Act.

2. Respondent conducted a background investigation of [REDACTED] who is the sole shareholder and officer of Petitioner.

3. On January 11, 1995, Respondent's predecessor agency issued a Final Decision by Default revoking Mr. [REDACTED]'s insurance license, based upon findings that [REDACTED] had committed violations of the Insurance Code.

4. In 1992, Mr. [REDACTED] was licensed to sell life insurance only. The state determined that Mr. [REDACTED] altered his license document to fraudulently state that he was licensed to sell life insurance, accident insurance, health insurance, and variable contracts.

5. Mr. [REDACTED] was formerly the president of Paragon Title Agency LLC.

6. On December 30, 2008, the state entered a Consent Order and Stipulation for enforcement case No. [REDACTED], revoking Mr. [REDACTED] insurance producer license, based in part on Mr. [REDACTED]s stipulations and admissions that he failed to remit money in a timely manner. Mr. [REDACTED] sent a cashier's check in the amount of \$300,000 to Fidelity National Title Insurance Company, with a notation that Mr. [REDACTED] was "liable to Fidelity National Title Insurance Company for the losses it suffered and will suffer as a result of the misappropriate and defalcation of [REDACTED]"

7. The state found that Mr. [REDACTED]s actions constituted a violation of the Insurance Code, for "using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state" in violation of MCL 500.1239(1)(h).

8. Mr. [REDACTED]s 2016 mortgage loan originator application was denied based on his failure to disclosure prior insurance licensing sanctions.

IV. Conclusions of Law

Respondent lawfully denied Petitioner's application for licensure under MCL 445.1653.

V. Order

Therefore, it is ORDERED that the denial of a mortgage broker license to the Petitioner is affirmed.



Randall S. Gregg
Senior Deputy Director

**STATE OF MICHIGAN
MICHIGAN ADMINISTRATIVE HEARING SYSTEM**

IN THE MATTER OF:

Docket No.: 20-002488

**Paragon Mortgage Partners, Inc.,
Petitioner**

Case No.: 20-1050-ML

v

**Agency: Department of Insurance
and Financial Services**

**Department of Insurance and
Financial Services,
Respondent**

Case Type: DIFS-Insurance

Filing Type: Application Denial

**Issued and entered
This 18th day of March 2021
by: Thomas A. Halick
Administrative Law Judge**

AMENDED¹ PROPOSAL FOR DECISION

PROCEDURAL HISTORY

On April 18, 2019, the Department of Insurance and Financial Services (DIFS/Respondent) issued a Notice of Refusal to issue License Under the Mortgage Brokers, Lenders, and Servicers Licensing Act and Opportunity for Hearing, asserting that Paragon Mortgage Partners, Inc. (Petitioner) did not meet criteria for licensure under Section 399(1) of the Mortgage Brokers, Lenders, and Servicers Licensing Act (the Act). Petitioner requested a hearing to appeal the denial.

On February 3, 2020, a Notice of Hearing was issued scheduling a formal administrative hearing for March 25, 2020. The Notice of Hearing was sent to Petitioner's legal counsel via certified mail return receipt requested. Petitioner's agent signed for the delivery of the Notice of Hearing.

On March 13, 2020, this tribunal issued an Order Converting Hearing to Telephone Prehearing Conference.

On March 13, 2020, this tribunal issued an Order, which scheduled the hearing for May 27, 2020.

¹ Amended to correct date of issuance.

On May 27, 2020, at the time scheduled for the hearing, Assistant Attorney General Diego R. Avila, and attorney Conrad Tatnall, appeared on behalf of DIFS. Petitioner appeared by and through attorney Eric A. Parzianello.

Petitioner called [REDACTED]; [REDACTED] and [REDACTED] as a witnesses.

Respondent called Brandye Sedelmaier, DIFS Senior Analyst, as its sole witness.

ISSUES AND APPLICABLE LAW

The issue is whether denial of Petitioner's application for licensure is lawful pursuant to Code Section 3; MCL 445.1653, which provides:

Sec. 3.

(1) An application for, or renewal of, a license shall be made in writing to the commissioner on a form prescribed by the commissioner. If the commissioner determines after investigation that the experience, character, business reputation, and general fitness of the applicant and its officers, directors, shareholders, partners, and affiliates command the confidence of the public and warrant the belief that the applicant and its officers, directors, shareholders, partners, and affiliates will comply with the law and that grounds for revoking, suspending, or denying a license under this act do not exist, the commissioner shall issue a license to, or renew the license of, the applicant to act as a mortgage broker, mortgage lender, or mortgage servicer.

(2) A license issued under this section does not approve the use of or indemnify the licensee against claims for the improper use of the business name stated in the license.

FINDINGS OF FACT

1. On March 8, 2018, Petitioner submitted an application to become licensed as a mortgage broker under the Act.
2. Respondent conducted a background investigation of [REDACTED] who is the sole shareholder and officer of Petitioner.

3. On January 11, 1995, Respondent's predecessor agency issued a Final Decision by Default revoking Mr. ██████'s insurance license, based upon findings that ██████ had committed violations of the Insurance Code.
4. In 1992, Mr. ██████ was licensed to sell life insurance only. The state determined that Mr. ██████ altered his license document to fraudulently state that he was licensed to sell life insurance, accident insurance, health insurance, and variable contracts.
5. Mr. ██████ was formerly the president of Paragon Title Agency LLC.
6. On December 30, 2008, the state entered a Consent Order and Stipulation for enforcement case No. 08-5567, revoking Mr. ██████'s insurance producer license, based in part on Mr. ██████'s stipulations and admissions that he failed to remit money in a timely manner. Mr. ██████ sent a cashier's check in the amount of \$300,000 to Fidelity National Title Insurance Company, with a notation that Mr. ██████ was "liable to Fidelity National Title Insurance Company for the losses it suffered and will suffer as a result of the misappropriate and defalcation of ██████."
7. The state found that Mr. ██████'s actions constituted a violation of the Insurance Code, for "using fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state" in violation of MCL 500.1239(1)(h).
8. Mr. ██████'s 2016 mortgage loan originator application was denied based on his failure to disclose prior insurance licensing sanctions. [Testimony of Ms. Sedelmaier.

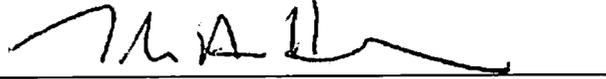
CONCLUSIONS OF LAW

Petitioner bears the burden of proving that it meets the requirements for licensure under the Code. The facts asserted in Respondent's Notice of License Denial and Opportunity for Hearing are found to be true as alleged, based upon the credible testimony of Ms. Sedelmaier and the entire evidentiary record. Petitioner's witnesses, Ms. ██████ and Mr. ██████ lacked personal knowledge of the relevant facts, rendering their testimony unpersuasive and not credible. The above Findings of Fact establish that Respondent lawfully denied Petitioner's application for licensure under MCL 445.1653.

Respondent's Notice of License Denial should be **AFFIRMED**.

PROPOSED DECISION

The undersigned Administrative Law Judge recommends that the department director issue a final decision consistent with the above Findings of Fact and Conclusions of Law.

A handwritten signature in black ink, appearing to read 'THA 11', is written over a horizontal line.

**Thomas A. Halick
Administrative Law Judge**

EXCEPTIONS

Any Exceptions to this Proposal for Decision should be filed in writing within twenty-one (21) days of the issuance of this Proposal for Decision. An opposing party may file a response within fourteen (14) days after Exceptions are filed. All Exceptions and Responses to Exceptions must be filed with the Department of Insurance and Financial Services, Division of Insurance, Attention: Dawn Kobus, P.O. Box 30220, Lansing, Michigan 48909, and served on all parties to the proceeding.